

**SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/16/11

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
TABLE OF CONTENTS  
JUNE 30, 2010

	<u>Exhibit</u>	<u>Schedule</u>	<u>Page</u>
Board of Directors	-	-	1
Independent Auditors' Report	-	-	2
Financial Statements			
Statements of Financial Position	A	-	3
Statements of Activities	B	-	4
Statements of Cash Flows	C	-	5
Statements of Functional Expenses	D	-	6
Notes to the Financial Statements	-	-	7
Group Homes			
Statements of Financial Position	-	1	12
Statements of Activities	-	2	13
Statements of Cash Flows	-	3	14
Statements of Functional Expenses	-	4	15
Adult Habilitation Program			
Statements of Financial Position	-	5	16
Statements of Activities	-	6	17
Statements of Cash Flows	-	7	18
Statements of Functional Expenses	-	8	19
Sheltered Workshop			
Statements of Financial Position	-	9	20
Statements of Activities	-	10	21
Statements of Cash Flows	-	11	22
Statements of Functional Expenses	-	12	23
Schedule of Compensation to Board Members	-	13	25
Schedule of Findings and Questioned Costs	-	14	26
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	-	-	27
Summary Schedule of Prior Audit Findings	-	15	29
Corrective Action Plan for Current Year Audit Findings	-	16	30

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
BOARD OF DIRECTORS  
JUNE 30, 2010

President	Pete Abington
Vice-President	Wilton Anthony
Secretary	Marguerite Spears
Treasurer	Mary Hariel
Board Members	Carla Garner Katherine Green Daniel Lowe Jean Rains Gloria Ruffin

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Executive Director	Wayne Martinez
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# HINES, SHEFFIELD & SQUYRES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS  
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## INDEPENDENT AUDITORS' REPORT

### Board of Directors

Sabine Association for Retarded Citizens, Inc.  
Many, Louisiana 71449

We have audited the accompanying statement of financial position of the Sabine Association for Retarded Citizens, Inc., (a nonprofit organization) as of June 30, 2010, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sabine Association for Retarded Citizens, Inc., as of June 30, 2010, and the changes in its net assets, cash flows, and functional expenses for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated December 17, 2010, on our consideration of the Sabine Association for Retarded Citizens, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Sabine Association for Retarded Citizens, Inc. taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The financial information for the year ended June 30, 2009, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion dated December 17, 2009, on the financial statements of the Sabine Association for Retarded Citizens, Inc.

***Hines, Sheffield & Squyres***

Natchitoches, Louisiana  
December 17, 2010

EXHIBIT A

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash	\$ 1,257,523	\$ 1,008,356
Receivables	348,303	300,905
Inventory	46,634	88,446
Prepaid expenses	51,658	51,150
Deposits	9,221	10,097
Property, buildings and equipment, net	<u>784,560</u>	<u>838,202</u>
Total Assets	<u>\$ 2,497,899</u>	<u>\$ 2,297,156</u>
 <b>Liabilities</b>		
Accounts payable and accruals	<u>\$ 203,637</u>	<u>\$ 217,401</u>
Total Liabilities	203,637	217,401
 <b>Net Assets</b>		
Unrestricted	2,250,581	2,007,842
Temporarily restricted	<u>43,681</u>	<u>71,913</u>
Total Net Assets	<u>2,294,262</u>	<u>2,079,755</u>
Total Liabilities and Net Assets	<u>\$ 2,497,899</u>	<u>\$ 2,297,156</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT B

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Unrestricted Net Assets		
Support		
Medicaid	\$ 2,104,925	\$ 2,167,628
Charges for services and fees	2,052,149	1,912,574
Rentals	19,373	13,800
Interest	2,529	7,844
Other	1,616	17,095
Intercompany transfers	345,085	428,319
Net Assets Released from Restrictions		
Depreciation on restricted assets	<u>28,232</u>	<u>28,232</u>
Total Revenues, Gains and Other Support	4,553,909	4,575,492
Expenses		
Program services	2,943,115	2,783,847
Management and general	1,022,970	1,032,440
Intercompany transfers	<u>345,085</u>	<u>428,319</u>
Total Expenses	<u>4,311,170</u>	<u>4,244,606</u>
Increase in Unrestricted Net Assets	242,739	330,886
Temporarily Restricted Net Assets		
Current depreciation on restricted assets	<u>(28,232)</u>	<u>(28,232)</u>
Increase/(Decrease) in Temporarily Restricted Net Assets	<u>(28,232)</u>	<u>(28,232)</u>
Increase in Net Assets	214,507	302,654
Net Assets, Beginning of year	<u>2,079,755</u>	<u>1,777,101</u>
Net Assets, End of year	<u>\$ 2,294,262</u>	<u>\$ 2,079,755</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT C

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 214,507	\$ 302,654
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	100,879	106,006
Bad debt expense	927	2,590
Gain on sale of assets	0	(5,800)
(Increase)/decrease in operating assets		
Receivables	(48,342)	201,889
Inventory	41,812	(35,046)
Prepaid expenses	(508)	(12,812)
Deposits	877	1,686
Increase/(decrease) in operating liabilities		
Accounts payable and accruals	(13,747)	27,586
Net Cash Provided By/(Used In) Operating Activities	<u>296,405</u>	<u>588,753</u>
Cash Flows From Investing Activities		
Proceeds from sale of assets	0	5,800
Purchase of equipment	(47,238)	(279,415)
Net Cash Provided By/(Used In) Investing Activities	<u>(47,238)</u>	<u>(273,615)</u>
Net Increase in Cash	249,167	315,138
Cash, Beginning of year	<u>1,008,356</u>	<u>693,218</u>
Cash, End of year	<u>\$ 1,257,523</u>	<u>\$ 1,008,356</u>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT D**

**SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**MANY, LOUISIANA**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	2010			2009
	Program Services	Management and General	Total	Total
Compensation and Related Expenses				
Employee benefits	\$ 19,521	\$ 18,056	\$ 37,577	\$ 37,833
Payroll taxes	132,831	27,085	159,916	145,731
Salaries	1,700,585	362,286	2,062,871	1,896,620
Workman's compensation insurance	53,219	18,534	71,753	101,295
Total Compensation And Related Expenses	1,906,156	425,961	2,332,117	2,181,479
Occupancy Expenses				
Depreciation	29,155	6,315	35,470	31,035
Insurance	27,209	7,786	34,995	27,557
Property taxes	5,654	0	5,654	5,011
Repairs and maintenance	44,201	14,230	58,431	56,688
Utilities	61,245	14,457	75,702	71,187
Total Occupancy Expenses	167,464	42,788	210,252	191,478
Transportation Expenses				
Depreciation	40,913	14,367	55,280	64,403
Fuel and oil	58,256	10,588	68,844	65,437
Insurance	25,995	11,490	37,485	38,887
Repairs and maintenance	30,545	9,793	40,338	34,320
Total Transportation Expenses	155,709	46,238	201,947	203,047
Other Expenses				
Bad debt	927	0	927	2,590
Central office expense	0	366,975	366,975	366,840
Client recreation	13,426	0	13,426	2,021
Clothing and other personal items	22,229	0	22,229	19,047
Commissions	5,308	0	5,308	6,574
Contract services	50,114	11,168	61,282	51,371
Depreciation	10,128	0	10,128	10,568
Dues	0	11,139	11,139	10,091
Food	156,444	0	156,444	152,932
Insurance	0	16,003	16,003	28,980
License	8,133	15	8,148	7,153
Materials	128,710	0	128,710	141,356
Other	1,910	9,525	11,435	17,956
Postage	0	2,035	2,035	2,039
Professional fees	0	46,230	46,230	58,010
Provider fees	184,012	0	184,012	185,729
Rent	0	4,211	4,211	4,390
Repairs and maintenance	34,430	13,319	47,749	51,770
Supplies	93,976	19,723	113,699	106,760
Telephone	3,272	7,640	10,912	10,157
Training	395	0	395	3,098
Travel	372	0	372	851
Total Other Expenses	713,786	507,983	1,221,769	1,240,283
Total Functional Expenses	\$ 2,943,115	\$ 1,022,970	\$ 3,966,085	\$ 3,816,287

The notes to the financial statements are an integral part of this statement.



SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Sabine Association for Retarded Citizens, Inc., is a quasi-governmental, nonprofit organization incorporated August 13, 1970, whose purpose is to a) promote the general welfare of mentally retarded citizens everywhere (at home, at school, in the community, and in institutions), b) aid the parents and families of mentally retarded citizens in the solution of personal, family and social problems arising from mental retardation, c) cooperate with all public and private agencies, organizations, groups and individuals working for the welfare of mentally retarded citizens, d) promote through dissemination of information to the general public, a fuller and more sympathetic understanding of the problems of mental retardation, their wide prevalence, and consequential social implications, e) help provide facilities for evaluation, care, treatment, education and employment of mentally retarded citizens, f) research into all phases of mental retardation: The causes, prevention, medical and social treatment, special educational methods, and opportunities for employment, g) train and educate both professional and nonprofessional personnel for work in the field of mental retardation, h) serve as a clearinghouse of information concerning mental retardation and activities on behalf of the mentally retarded in Sabine Parish, i) help foster local, state and national legislation on behalf of mentally retarded citizens.

The Association operates three separate divisions as follows: 1) the Adult Habilitation program, receives funding from the State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities to provide adult day services for at least 240 days each year. 2) Sabine Productions, a totally self-supportive sheltered workshop program, generating revenues through contracts with private individuals and companies for the provision of services performed by the members of the workshop. 3) Group Residential services, which operates six (6) group homes for the benefit of mentally handicapped individuals. The purpose of the group homes is to provide for the needs of mentally handicapped individuals in the area of appropriate residential living. The Community Homes receive funding from the United States Department of Health and Human Services, Medical Assistance Program, Title XIX, Medicaid, as administered by the State of Louisiana, Department of Health and Hospitals. The Sabine Association for Retarded Citizens Community Homes division reimburses the Adult Habilitation Program for actual expenses incurred by the program to provide day training and supervision to participating group home residents.

**CASH AND CASH EQUIVALENTS**

Consistent with FASB 95, Statement of Cash Flows, The Sabine Association for Retarded Citizens defines cash and cash equivalents as not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

**PROPERTY, BUILDINGS AND EQUIPMENT**

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property, buildings and equipment are reported as restricted support. When donor stipulations are absent regarding how long those donated assets must be maintained, the Sabine Association for Retarded Citizens reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property, buildings and equipment are depreciated using the straight-line method.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**NOTE 1        SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**NET ASSETS**

The Sabine Association for Retarded Citizens has elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**PROMISES TO GIVE**

Contributions are recognized when the donor makes a promise to give to the Sabine Association for Retarded Citizens that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported as increases in temporary or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**CONTRIBUTIONS**

The Sabine Association for Retarded Citizens has elected to adopt Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

**COMPENSATED ABSENCES**

The Sabine Association for Retarded Citizens employees earn annual and sick leave at various rates depending on the number of years in service. The amount of annual and sick leave that may be accumulated and carried over by each employee is limited to 80 hours. However, there are no vesting privileges. Therefore no liability for compensated absences has been recorded in the accompanying financial statements.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**INCOME TAXES**

The Sabine Association for Retarded Citizens, Inc., is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

**NOTE 2        RESTRICTIONS ON ASSETS**

Restrictions on assets at June 30, 2010, relate to vans obtained through the U.S. Department of Transportation and Development (DOTD) which provides grants for the specific purpose of providing transportation services to elderly and disabled persons for whom mass transportation services are unavailable, insufficient or inappropriate.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**NOTE 2            RESTRICTIONS ON ASSETS (CONTINUED)**

The program is administered by the Louisiana Department of Transportation and Development (LA DOTD). Disposition of the vehicles must have DOTD approval, must be in conformance with the provisions of OMB Circular A-102, Attachment N and a portion of the funds received must be returned to DOTD in proportion to the original percentage of federal funds contributed.

It is the policy of the Sabine Association for Retarded Citizens to amortize the asset restriction over its estimated useful life using the straight-line method.

**NOTE 3            CASH**

At June 30, 2010, the Sabine Association for Retarded Citizens had cash totaling \$1,008,356, as follows:

Petty cash	\$            250
Demand deposit accounts	251,667
Interest bearing accounts	<u>1,005,606</u>
Total	<u>\$    1,257,523</u>

At June 30, 2010, the Association had \$1,281,418 in bank deposits. These deposits were secured from risk by \$775,812 of federal deposit insurance. \$505,606 in bank deposits were unsecured at June 30, 2010.

**NOTE 4            RECEIVABLES**

At June 30, 2010, the Sabine Association for Retarded Citizens had receivables of the following:

Medicaid	\$        167,205
Charges for services and fees	157,235
Other	<u>23,863</u>
Total	<u>\$        348,303</u>

**NOTE 5            PROPERTY, BUILDINGS AND EQUIPMENT**

All property and equipment are stated at historical cost. Depreciation is charged as an expense against operations and has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	10-30 years
Furniture and equipment	5-10 years
Automobiles	3-5 years

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**NOTE 5      PROPERTY, BUILDINGS AND EQUIPMENT (CONTINUED)**

A summary of the Sabine Association for Retarded Citizens's property, buildings and equipment at June 30, 2010 are as follows:

	Cost	Accumulated Depreciation	Net	Depreciation This Year
Land	\$ 231,200	\$ 0	\$ 231,200	\$ 0
Buildings and improvements	940,375	500,392	439,983	21,600
Furniture and equipment	170,244	155,916	14,328	23,998
Automobiles	361,574	262,525	99,049	55,281
Total	<u>\$ 1,703,393</u>	<u>\$ 916,958</u>	<u>\$ 784,560</u>	<u>\$ 100,879</u>

The Association's automobiles were partially funded by grants from the U.S. Department of Transportation and Development (DOTD) and are subject to the applicable restrictions described in Note 2.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in activities.

**NOTE 6      ACCOUNTS PAYABLE AND ACCRUALS**

At June 30, 2010, the Sabine Association for Retarded Citizens had accounts payable and accruals of the following:

Vendor	\$ 59,404
Salaries and related benefits	128,989
Other	<u>15,244</u>
Total	<u>\$ 203,637</u>

**NOTE 7      LEASE OBLIGATIONS**

The Sabine Association for Retarded Citizens was not obligated under any capital or operating leases at June 30, 2010.

**NOTE 8      EMPLOYEE RETIREMENT SYSTEM**

All employees of the Sabine Association for Retarded Citizens are protected by the Social Security System. All employees contribute 6.2% of their total salary to the System, while the Association contributes a like amount. For the year ending June 30, 2010, total contributions to the System were \$255,796, of which the Association contributed \$127,898 and employees contributed \$127,898. Total payroll covered by this System for the year ended June 30, 2010 was \$2,062,871. Any future deficits in this System will be financed by the Federal government. The Association has no further liability to the system.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**NOTE 9            LITIGATION**

There was no outstanding litigation against the Sabine Association for Retarded Citizens at June 30, 2010.

**NOTE 10          RISK MANAGEMENT**

The Sabine Association for Retarded Citizens is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Association maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Association.

**NOTE 11          CLAIMS AND JUDGEMENTS**

The Sabine Association for Retarded Citizens participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Association may be required to reimburse the grantor government. Management believes that disallowed expenditures, if any, based on subsequent audits, will not have a material effect on the Association's overall financial position.

SCHEDULE 1

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
GROUP HOMES  
MANY, LOUISIANA  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash	\$ 435,901	\$ 305,792
Receivables	184,448	177,554
Prepaid expenses	51,658	51,150
Deposits	7,049	8,532
Property, buildings and equipment, net	<u>443,758</u>	<u>476,722</u>
Total Assets	<u>\$ 1,122,814</u>	<u>\$ 1,019,750</u>
Liabilities		
Accounts payable and accruals	<u>\$ 127,741</u>	<u>\$ 117,523</u>
Total Liabilities	127,741	117,523
Net Assets		
Unrestricted	983,414	879,805
Temporarily restricted	<u>11,659</u>	<u>22,422</u>
Total Net Assets	<u>995,073</u>	<u>902,227</u>
Total Liabilities and Net Assets	<u>\$ 1,122,814</u>	<u>\$ 1,019,750</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
GROUP HOMES  
MANY, LOUISIANA  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

SCHEDULE 2

	<u>2010</u>	<u>2009</u>
Unrestricted Net Assets		
Support		
Medicaid	\$ 2,104,925	\$ 2,167,628
Charges for services and fees	155,560	147,294
Interest	496	2,766
Others	497	7,818
Net Assets Released from Restrictions		
Depreciation on restricted assets	<u>10,763</u>	<u>10,763</u>
Total Revenues, Gains and Other Support	<u>2,272,241</u>	<u>2,336,269</u>
Expenses		
Program services	1,541,487	1,505,119
Management and general	622,463	623,607
Intercompany transfers	<u>4,682</u>	<u>246,307</u>
Total Expenses	<u>2,168,632</u>	<u>2,375,033</u>
Increase in Unrestricted Net Assets	103,609	(38,764)
Temporarily Restricted Net Assets		
Current depreciation on restricted assets	<u>(10,763)</u>	<u>(10,763)</u>
Increase(Decrease) in Temporarily Restricted Net Assets	<u>(10,763)</u>	<u>(10,763)</u>
Increase in Net Assets	92,846	(49,527)
Net Assets, Beginning of year	<u>902,227</u>	<u>951,754</u>
Net Assets, End of year	<u>\$ 995,073</u>	<u>\$ 902,227</u>

The notes to the financial statements are an integral part of this statement.

SCHEDULE 3

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
GROUP HOMES  
MANY, LOUISIANA  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 92,846	\$ (49,527)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	58,899	64,087
Bad debt expense	242	0
(Increase)/decrease in operating assets		
Receivables	(7,136)	21,144
Prepaid expenses	(508)	(12,812)
Deposits	1,484	1,686
Increase/(decrease) in operating liabilities		
Accounts payable and accruals	<u>10,217</u>	<u>(4,350)</u>
Net Cash Provided By/(Used In) Operating Activities	156,044	20,228
Cash Flows From Investing Activities		
Purchase of equipment	<u>(25,935)</u>	<u>(23,038)</u>
Net Cash Provided By/(Used In) Investing Activities	<u>(25,935)</u>	<u>(23,038)</u>
Net Increase in Cash	130,109	(2,810)
Cash, Beginning of year	<u>305,792</u>	<u>308,602</u>
Cash, End of year	<u>\$ 435,901</u>	<u>\$ 305,792</u>

The notes to the financial statements are an integral part of this statement.



SCHEDULE 4

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.

GROUP HOMES

MANY, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010			2009
	Program Services	Management and General	Total	Total
Compensation and Related Expenses				
Employee benefits	\$ 13,632	\$ 17,486	\$ 31,118	\$ 28,921
Payroll taxes	63,570	23,634	87,204	84,116
Salaries	825,178	319,509	1,144,687	1,110,617
Workman's compensation insurance	17,686	16,049	33,735	45,522
Total Compensation and Related Expenses	920,066	376,678	1,296,744	1,269,176
Occupancy Expenses				
Depreciation	19,080	6,315	25,395	24,205
Insurance	16,846	7,786	24,632	22,014
Repairs and maintenance	30,386	14,230	44,616	51,741
Utilities	44,233	14,457	58,690	58,462
Total Occupancy Expenses	110,545	42,787	153,332	156,422
Transportation Expenses				
Depreciation	18,390	14,367	32,757	37,621
Fuel and oil	15,238	10,588	25,826	22,171
Insurance	10,554	11,490	22,044	22,216
Repairs and maintenance	7,964	9,793	17,757	16,418
Total Transportation Expenses	52,146	46,239	98,385	98,426
Other Expenses				
Bad debt	242	0	242	0
Central office expense	0	46,546	46,546	45,544
Clothing and other personal items	22,153	0	22,153	19,039
Client Recreation	10,782	0	10,782	0
Contract services	49,574	2,718	52,292	46,864
Depreciation	746	0	746	2,261
Dues	0	10,492	10,492	9,944
Food	127,794	0	127,794	121,219
Insurance	0	16,003	16,003	27,507
Licenses	4,590	15	4,605	3,705
Other	1,060	525	1,585	11,293
Postage	0	2,035	2,035	2,039
Professional fees	0	38,760	38,760	34,175
Provider fees	184,012	0	184,012	185,729
Rent	0	4,211	4,211	4,390
Repairs and maintenance	12,963	13,319	26,282	26,114
Supplies	40,790	18,198	58,988	55,806
Telephone	3,272	3,937	7,209	6,934
Training	395	0	395	2,020
Travel	357	0	357	119
Total Other Expenses	458,730	156,759	615,489	604,702
Total Functional Expenses	\$ 1,541,487	\$ 622,463	\$ 2,163,950	\$ 2,128,726

The notes to the financial statements are an integral part of this statement.

SCHEDULE 5

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
ADULT HABILITATION PROGRAM  
MANY, LOUISIANA  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2010 AND 2009

	<u>2010</u>			<u>2009</u>
	<u>Supported Individual Living</u>	<u>Adult Day Habilitation</u>	<u>Total</u>	<u>Total</u>
Assets				
Cash	\$ 1,868	\$ 806,508	\$ 808,376	\$ 605,124
Receivables	75,708	36,861	112,569	85,748
Deposits	232	800	1,032	800
Property, buildings and equipment, net	<u>0</u>	<u>32,022</u>	<u>32,022</u>	<u>49,491</u>
Total Assets	<u>\$ 77,808</u>	<u>\$ 876,191</u>	<u>\$ 953,999</u>	<u>\$ 741,163</u>
Liabilities				
Accounts payable	\$ 1,329	\$ 38,547	\$ 39,876	\$ 24,243
Total Liabilities	1,329	38,547	39,876	24,243
Net Assets				
Unrestricted	76,479	805,622	882,101	667,429
Temporarily restricted	<u>0</u>	<u>32,022</u>	<u>32,022</u>	<u>49,491</u>
Total Net Assets	<u>76,479</u>	<u>837,644</u>	<u>914,123</u>	<u>716,920</u>
Total Liabilities and Net Assets	<u>\$ 77,808</u>	<u>\$ 876,191</u>	<u>\$ 953,999</u>	<u>\$ 741,163</u>

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
ADULT HABILITATION PROGRAM  
MANY, LOUISIANA  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>			<u>2009</u>
	<u>Supported Individual Living</u>	<u>Adult Day Habilitation</u>	<u>Total</u>	<u>Total</u>
Unrestricted Net Assets				
Support				
Charges for services and fees	\$ 649,113	\$ 802,151	\$ 1,451,264	\$ 1,265,885
Interest	0	2,033	2,033	5,078
Other	0	0	0	3,215
Intercompany transfers	0	42,372	42,372	167,934
Net Assets Released from Restrictions				
Depreciation on restricted assets	0	17,469	17,469	17,469
Total Revenues, Gains and Other Support	649,113	864,025	1,513,138	1,459,581
Expenses				
Program services	482,720	434,900	917,620	762,653
Management and general	141,342	235,083	376,425	378,200
Intercompany transfers	4,421	0	4,421	22,951
Total Expenses	628,483	669,983	1,298,466	1,163,804
Increase in Unrestricted Net Assets	20,630	194,042	214,672	295,777
Temporarily Restricted Net Assets				
Current depreciation on restricted assets	0	(17,469)	(17,469)	(17,469)
Increase/(Decrease) in Temporarily Restricted Net Assets	0	(17,469)	(17,469)	(17,469)
Increase in Net Assets	20,630	176,573	197,203	278,308
Net Assets, Beginning of year	55,849	661,071	716,920	438,612
Net Assets, End of year	\$ 76,479	\$ 837,644	\$ 914,123	\$ 716,920

SCHEDULE 7

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
ADULT HABILITATION PROGRAM  
MANY, LOUISIANA  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 197,203	\$ 278,308
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	17,469	17,469
Bad debt expense	685	0
Gain on sale of assets	0	(3,215)
(Increase)/Decrease in operating assets		
Receivables	(27,523)	(26,247)
Deposits	(232)	0
Increase/(decrease) in operating liabilities	<u>15,650</u>	<u>7,851</u>
Accounts payable and accruals	203,252	274,166
Net Cash Provided By/(Used In) Operating Activities		
Cash Flows From Investing Activities		
Proceeds from sale of assets	<u>0</u>	<u>3,215</u>
Net Cash Provided By/(Used In) Investing Activities	<u>0</u>	<u>3,215</u>
Net Increase/(Decrease) in Cash	203,252	277,381
Cash, Beginning of year	<u>605,124</u>	<u>327,743</u>
Cash, End of year	<u>\$ 808,376</u>	<u>\$ 605,124</u>

The notes to the financial statements are an integral part of this statement.

**SCHEDULE 8**

**SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**ADULT HABILITATION PROGRAM**

**MANY, LOUISIANA**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	2010				2009	
	Program Services			Management and General	Total	Total
	Supported Individual Living	Adult Day Habilitation	Program Services			
Compensation and Related Expenses						
Employee benefits	\$ 1,542	\$ 4,347	\$ 5,889	\$ 570	\$ 6,459	\$ 8,912
Payroll taxes	34,318	26,323	60,641	3,451	64,092	51,539
Salaries	435,401	326,327	761,728	42,777	804,505	654,278
Workman's compensation insurance	9,723	18,956	28,679	2,485	31,164	43,416
Total Compensation and Related Expenses	480,984	375,953	856,937	49,283	906,220	758,145
Transportation Expenses						
Depreciation	0	17,469	17,469	0	17,469	17,469
Fuel and oil	0	21,257	21,257	0	21,257	21,707
Insurance	0	5,388	5,388	0	5,388	5,899
Repairs and maintenance	0	14,458	14,458	0	14,458	10,013
Total Transportation Expenses	0	58,572	58,572	0	58,572	55,088
Other Expenses						
Bad debt expense	685	0	685	0	685	0
Central office expense	0	0	0	308,811	308,811	308,314
Clothing and other personal items	76	0	76	0	76	8
Contract Services	540	0	540	8,450	8,990	0
Dues	0	0	0	560	560	60
License	400	0	400	0	400	400
Other	0	360	360	0	360	638
Professional fees	0	0	0	7,470	7,470	14,600
Repairs and maintenance	0	0	0	0	0	35
Supplies	35	0	35	0	35	0
Telephone	0	0	0	1,851	1,851	1,755
Training	0	0	0	0	0	1,078
Travel	0	15	15	0	15	732
Total Other Expenses	1,736	375	2,111	327,142	329,253	327,620
Total Functional Expenses	\$ 482,720	\$ 434,900	\$ 917,620	\$ 376,425	\$ 1,294,045	\$ 1,140,853

The notes to the financial statements are an integral part of this statement.

SCHEDULE 9

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
SHIELTERED WORKSHOP  
MANY, LOUISIANA  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2010 AND 2009

	2010						2009
	Rental Building	Mobile Crew	Sabine Car Care	Sabine Production Center	Woodshop	Thrift Store	Total
Assets							
Cash	\$ 0	\$ 0	\$ 50	\$ 13,196	\$ 0	\$ 0	\$ 13,246
Accounts receivable	0	18,398	782	28,382	3,724	0	51,286
Inventory	0	0	2,597	13,538	30,499	0	46,634
Deposits	125	0	310	0	330	375	1,140
Property, buildings and equip., net	24,254	40,763	9,975	0	5,233	228,555	308,780
Total Assets	\$ 24,379	\$ 59,161	\$ 13,714	\$ 55,116	\$ 39,786	\$ 228,930	\$ 421,086
Liabilities							
Accounts payable and accruals	\$ 730	\$ 9,183	\$ 5,365	\$ 7,225	\$ 12,497	\$ 1,020	\$ 36,020
Total Liabilities	730	9,183	5,365	7,225	12,497	1,020	36,020
Net Assets							
Unrestricted	23,649	49,978	8,349	47,891	27,289	227,910	385,066
Total Net Assets	23,649	49,978	8,349	47,891	27,289	227,910	385,066
Total Liabilities and Net Assets	\$ 24,379	\$ 59,161	\$ 13,714	\$ 55,116	\$ 39,786	\$ 228,930	\$ 421,086
							\$ 536,243

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
SHELTERED WORKSHOP  
MANY, LOUISIANA  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010						2009
	Sabine						
	Production						
	Rental Building	Mobile Crew	Sabine Car Care	Center	Woodshop	Thrift Store	Total
Unrestricted Net Assets							
Support							
Charges for services and fees	\$ 0	\$ 121,929	\$ 106,635	\$ 158,397	\$ 58,364	\$ 0	\$ 445,325
Rentals	19,373	0	0	0	0	0	19,373
Other	0	0	0	19	1,100	0	1,119
Intercompany transfers	0	21,896	0	0	44,512	236,305	302,713
Total Revenues, Gains, and Other Support	19,373	143,825	106,635	158,416	103,976	236,305	768,530
Expenses							
Program services	17,940	126,999	81,841	145,460	103,373	8,395	484,008
Management and general	3,226	3,000	3,565	9,178	5,113	0	24,082
Intercompany transfers	234,983	0	24,078	76,921	0	0	335,982
Total Expenses	256,149	129,999	109,484	231,559	108,486	8,395	844,072
Increase/(Decrease) in Net Assets	(236,776)	13,826	(2,849)	(73,143)	(4,510)	227,910	(75,542)
Net Assets, Beginning of year	260,425	36,152	11,198	121,034	31,799	0	460,608
Net Assets, End of year	\$ 23,649	\$ 49,978	\$ 8,349	\$ 47,891	\$ 27,289	\$ 227,910	\$ 385,066
							\$ 460,608

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
SHELTERED WORKSHOP  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (75,542)	\$ 73,873
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities		
Depreciation	24,511	24,450
Bad debt expense	0	2,590
Gain on sale of assets	0	(2,585)
(Increase)/decrease in operating assets		
Receivables	(13,683)	206,992
Inventory	41,812	(35,046)
Deposits	(375)	0
Increase/(decrease) in operating liabilities		
Accounts payable and accruals	(39,614)	24,085
Net Cash Provided By/(Used In) Operating Activities	<u>(62,891)</u>	<u>294,359</u>
Cash Flows From Investing Activities		
Proceeds from sale of assets	0	2,585
Purchase of equipment	(21,303)	(256,377)
Net Cash Provided By/(Used In) Investing Activities	<u>(21,303)</u>	<u>(253,792)</u>
Net Increase in Cash	(84,194)	40,567
Cash, Beginning of year	<u>97,440</u>	<u>56,873</u>
Cash, End of year	<u>\$ 13,246</u>	<u>\$ 97,440</u>



The notes to the financial statements are an integral part of this statement.

SCHEDULE 12

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
SHELTERED WORKSHOP  
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010										2009	
	PROGRAM SERVICES											
	Sabine											
	Rental Building	Mobile Crew	Sabine Car Care	Sabine Production Center	Woodshop	Thrift Store	Program Services	Management and General	Total	Total		
Other Expenses (Continued)												
Depreciation	\$ 0	\$ 9,318	\$ 0	\$ 0	\$ 64	\$ 0	\$ 9,382	\$ 0	\$ 9,382	\$ 8,307		
Dues	0	0	0	0	0	0	0	87	87	87		
Food	0	7,424	3,034	11,809	6,383	0	28,650	0	28,650	31,713		
Insurance	0	0	0	0	0	0	0	0	0	1,473		
License	0	0	143	0	3,000	0	3,143	0	3,143	3,048		
Materials	0	0	0	97,238	31,472	0	128,710	0	128,710	141,356		
Other	0	0	465	0	25	0	490	9,000	9,490	6,025		
Professional fees	0	0	0	0	0	0	0	0	0	9,235		
Rent	0	0	0	0	0	0	0	0	0	0		
Repairs and maintenance	0	13,648	697	235	4,010	2,877	21,467	0	21,467	25,621		
Supplies	0	1,368	46,536	3,535	1,363	349	53,151	1,525	54,676	50,954		
Telephone	0	0	0	0	0	0	0	1,852	1,852	1,468		
Total Other Expenses	0	31,758	50,875	119,885	47,201	3,226	252,945	24,082	277,027	307,961		
Total Functional Expenses	\$ 17,940	\$ 126,999	\$ 81,841	\$ 145,460	\$ 103,373	\$ 8,395	\$ 484,008	\$ 24,082	\$ 508,090	\$ 546,708		

The notes to the financial statements are an integral part of this statement.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
SCHEDULE OF COMPENSATION TO BOARD MEMBERS  
FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 13

<u>BOARD MEMBER</u>	<u>Meetings Attended</u>	<u>Compensation</u>
Pete Abington	3	\$ 0
Wilton Anthony	3	0
Carla Garner	4	0
Katherine Green	2	0
Mary Harrel	6	0
Daniel Lowe	3	0
Jean Rains	6	0
Gloria Ruffin	5	0
Marguerite Spears	5	\$ 0

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010

**SECTION #1**

**SUMMARY OF AUDITORS' RESULTS**

FINANCIAL STATEMENTS

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditors' report issued.   | Unqualified   |
| 2. | Internal control over financial reporting:   |               |
|    | a) Material weakness(es) identified?   | No            |
|    | b) Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. | Noncompliance material to financial statements noted?  | No            |

**SECTION #2**

FINANCIAL STATEMENT FINDINGS

None reported.

# HINES, SHEFFIELD & SQUYRES, L.L.C.

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### Board of Directors

Sabine Association for Retarded Citizens, Inc.  
Many, Louisiana 71449

We have audited the financial statements of the Sabine Association for Retarded Citizens, Inc., as of and for the year ended June 30, 2010, and have issued our report thereon dated December 17, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sabine Association for Retarded Citizens' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sabine Association for Retarded Citizens' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sabine Association for Retarded Citizens' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Page #2

This report is intended solely for the information and use of the Sabine Association for Retarded Citizens, management and the Louisiana State Legislative Auditor and is not intended to be, and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Hines, Sheffield & Squyres***

Natchitoches, Louisiana

December 17, 2010

SCHEDULE 15

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED  
JUNE 30, 2010

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.

SABINE ASSOCIATION FOR RETARDED CITIZENS, INC.  
MANY, LOUISIANA  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED  
JUNE 30, 2010

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
-----------------	-------------------------------	----------------------------------	---	--

Nothing came to our attention that would require disclosure under Government Auditing Standards.